



April 18, 2018

The Honorable Jocelyn Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

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MAIL / DMS

RE: Docket Number 2017-381-A
ORS's Motion to Preserve Tax Benefits for Ratepayers

Dear Ms. Boyd:

Enclosed for filing, please find our Response to the above referenced matter. By copy of this letter, we are providing a copy of this document to the South Carolina Office of Regulatory Staff.

Please advise if you have questions or need any additional information from us.
With kind regards, I am

Sincerely yours,

Susan B. Mikell
President
CUC, Inc.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2017-381-A

In Re:

Office of Regulatory Staff's Motion to)
Preserve Tax Benefits for Ratepayers)
_____)

RESPONSE TO ORS MOTION

CUC, Inc. herewith submits our response in opposition to the above referenced Motion.

1. The Office of Regulatory Staff ("ORS") website includes the following information relating to their duty to protect the public interest of South Carolina in utility regulation: "Act 175 defines public interest as a balance among three essential components: the concerns of the using and consuming public; the financial integrity of public utilities; and the economic development of South Carolina." ORS's Motion fails to consider the financial integrity of public utilities.
2. The Motion requests an effective date of January 1, 2018 for the accrual of tax benefits to ratepayers. While CUC, Inc. did not formally oppose that before now, we did not concur with it either. We oppose the use of this date, because the effects of the Tax Cuts and Jobs Act ("TCJA") will not be known and measurable until this year is over, and the new tax rates are applied to actual earnings, as opposed to applying the rates to 2017 earnings. If ratepayers are over-refunded, will utilities be allowed to true-up for those amounts?
3. The Motion does not allow for utilities to be heard prior to an Order being issued.
4. The Motion requests that utilities declare their expected savings from the TCJA (again, not known and measureable) without any consideration being given to other changes in revenues or expenses. This procedure would allow for retroactive ratemaking based on one single expense without consideration of the overall financial condition of the utilities.

5. The Motion does not consider all of the effects of the TCJA on utilities, particularly the potential reduction in income tax savings due to CIAC now being taxable.
6. Many utilities are not earning their rate of return authorized by the Commission, and a decrease in income tax expense does not guarantee that they will meet or exceed their authorized rate of return. We believe that ordering refunds is contrary to just and reasonable ratemaking, which should allow a utility the opportunity to earn its authorized operating margin.
7. ORS has not proposed any specific guidance or methodology for calculating the impact of the TCJA. The proposed date of May 1, 2018, or ten days following an Order by the Commission is an unreasonable deadline to impose on utilities without the resources to perform the necessary analysis in such a short timeframe. Additionally, it is still unclear what specifically would be required for such a report.

CUC, Inc. believes that the Motion should be denied.

Respectfully submitted,



Susan B. Mikell
President
CUC, Inc.
3779 Byrnes Boulevard
Florence, South Carolina 29506
843-669-0130

This 18th day of April, 2018
Florence, South Carolina